

State of Alaska FY2003 Governor's Operating Budget

Department of Administration Leases Budget Request Unit Budget Summary

Leases Budget Request Unit

Contact: Chris Parce, Director, Division of General Services

Tel: (907) 465-5687 **Fax:** (907) 465-2189 **E-mail:** chris_parce@admin.state.ak.us

BRU Mission

Provide cost effective and efficient office space for State agencies in a timely manner.

(Mission statement for this component was not provided in CH90, SLA2001).

BRU Services Provided

- Procure private leased space for the use of State agencies
- Manage and administer over 324 private leases statewide
- Manage and administer use of space in privately leased and State owned facilities
- Provide space-planning recommendations
- Conduct lease rate and lease space availability market research studies
- Consolidate state owned and/or leased space when economies can be realized
-

BRU Goals and Strategies

PROVIDE COST EFFECTIVE MANAGEMENT OF THE STATE'S LEASE PORTFOLIO

Assure efficient use of space in State leased facilities

- Provide suitable, economical office space that meets State agency needs
- Replace, in a timely and efficient manner, expiring State leases where needed
- Implement an improved tracking system to provide better State agency customer service and response time
-

Key BRU Issues for FY2002 – 2003

- Deploy an automated lease tracking and projection data management system.
- Obtain replacement space for leases expiring in FY2002 and FY2003.
- Obtain new or additional space for State agencies as required.
-

The following leases have expirations which require replacement during or before FY2003. If these leases are replaced the cost of a new lease may exceed the limits set in AS 36.30.080 (c), or \$500,000 per year or \$2.5 million for the life of the lease. The Current Annual Cost is the current annual lease cost of the current lease. Replacement of these leases will take place throughout the next fiscal year and the actual replacement costs are not known at the time of budget preparation. A projection of the potential total cost of the replacement leases has been included under Potential Cost of Replacement Lease w/ all Renewal Options. The actual annual and total cost of each lease will be determined by market conditions at the time of solicitation. This list shall serve as the required notification under AS 36.30.080 (c).

| Lease # | Location | Agency | Current Sq Ft | Current Annual Cost | Renewal Lease Expiration w/ all Renewal Options | Potential Cost of Replacement Lease w/ all Renewal Options |
|--------------|-----------|-----------------------|---------------|---------------------|---|--|
| N/A | Anchorage | DNR | 12,500 | * 0 | 6/30/07 | \$2,925,000.00 |
| N/A | Juneau | DHSS | 3,531 | \$34,787 | 9/30/32 | \$8,100,000 |
| N/A | Bethel | DHSS | 15-20,000 | * 0 | 10/1/02 | \$10,412,320 |
| 1444 | Juneau | DF&G | 38,760 | \$914,661.60 | 6/30/12 | \$7,774,623.60 |
| 1935 2212 | Bethel | DHSS DCED Labor | 11,417 | \$260,308 | 6/30/10 | \$1,640,464 |
| 2088 | Anchorage | Labor | 8,932 | \$269,460 | 7/31/02 | \$3,772,440 |

| | | | | | | |
|------|-----------|--------|--------|--------------|----------|----------------|
| 2311 | Fairbanks | DNR | 11,530 | \$186,818.00 | 4/30/13 | \$3,804,900.00 |
| 2340 | Anchorage | DPS | 13,540 | \$324,960 | 4/30/03 | \$4,549,440 |
| 2352 | Anchorage | DOA | 10,764 | \$172,392.67 | 12/14/11 | \$3,390,660.00 |
| 2352 | Anchorage | DOA | 11,026 | \$177,967.37 | 12/14/11 | \$3,473,190.00 |
| 2371 | Fairbanks | DOT/PF | 14,202 | \$420,000 | 6/30/42 | \$16,800,000 |

* New Lease

Major BRU Accomplishments in 2001

- Obtained replacement space for leases expiring in FY2001 and FY2002.
- Continued multi year task of consolidating the Department of Health and Social Services administrative offices in Anchorage.
- Continued multi year task of designing, planning, constructing and relocating the Office of the Governor, the Department of Revenue, the Department of Community and Economic Development, and the Department of Natural Resources from the Frontier Building to the Atwood Building.

Key Performance Measures for FY2003

Measure:

The cost per square foot of leased space.
Sec 8 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Average cost per square foot of leased space for the period July 1 through December 31, 2000, is \$1.496. For the period January 1 through June 30, 2001, the cost is \$1.654. For the period July 1 through September 30, 2001, the cost is \$1.758.

Benchmark Comparisons:

We currently have no benchmark information gathered for this performance measure.

Background and Strategies:

The Division of General Services continues to work to negotiate leases that provide the maximum possible value to the State of Alaska.

Measure:

The length of time taken to procure leased space.
Sec 8 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The average length of time taken to procure leased space for the period July 1 through December 31, 2000 is 45 days. For the period January 1 through June 30, 2001, the average length of time taken to procure leased space is 54 days. For the period July 1, 2001, through September 30, 2001 the average time is 101 days.

Benchmark Comparisons:

We currently have no benchmark information gathered for this performance measure.

Background and Strategies:

The Division of General Services continues to work to negotiate leases in as timely a manner as is practical.

Leases

BRU Financial Summary by Component

All dollars in thousands

| | FY2001 Actuals | | | | FY2002 Authorized | | | | FY2003 Governor | | | |
|----------------------------|------------------|------------------|-----------------|-----------------|-------------------|------------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|
| | General Funds | Federal Funds | Other Funds | Total Funds | General Funds | Federal Funds | Other Funds | Total Funds | General Funds | Federal Funds | Other Funds | Total Funds |
| <u>Formula</u> | | | | | | | | | | | | |
| <u>Expenditures</u> | | | | | | | | | | | | |
| None. | | | | | | | | | | | | |
| <u>Non-Formula</u> | | | | | | | | | | | | |
| <u>Expenditures</u> | | | | | | | | | | | | |
| Leases | 21,806.8 | 0.0 | 10,170.9 | 31,977.7 | 19,128.2 | 0.0 | 10,427.6 | 29,555.8 | 21,858.7 | 0.0 | 10,585.8 | 32,444.5 |
| Lease | 383.1 | 0.0 | 334.2 | 717.3 | 372.0 | 0.0 | 62.8 | 434.8 | 378.0 | 0.0 | 63.8 | 441.8 |
| Administration | | | | | | | | | | | | |
| Totals | 22,189.9 | 0.0 | 10,505.1 | 32,695.0 | 19,500.2 | 0.0 | 10,490.4 | 29,990.6 | 22,236.7 | 0.0 | 10,649.6 | 32,886.3 |

Leases**Proposed Changes in Levels of Service for FY2003**

None.

Leases**Summary of BRU Budget Changes by Component****From FY2002 Authorized to FY2003 Governor***All dollars in thousands*

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| FY2002 Authorized | 19,500.2 | 0.0 | 10,490.4 | 29,990.6 |
| Adjustments which will continue current level of service: | | | | |
| -Leases | 830.5 | 0.0 | 158.2 | 988.7 |
| -Lease Administration | 6.0 | 0.0 | 1.0 | 7.0 |
| Proposed budget increases: | | | | |
| -Leases | 1,900.0 | 0.0 | 0.0 | 1,900.0 |
| FY2003 Governor | 22,236.7 | 0.0 | 10,649.6 | 32,886.3 |